

APPROVED BY COUNCIL 11/10/05

ECONOMIC DEVELOPMENT ADVISORY COUNCIL MEETING

NOVEMBER 16, 2004

12:30 P.M. – 4:00 P.M.

301 SOUTH PARK – CONFERENCE ROOM 228

HELENA, MT

COUNCIL MEMBERS PRESENT

Jim Atchison

Kathie Bailey

Evan Barrett

James Klessens

Erin Lutts

Tony Rudbach

Paul Tuss

Linda Twitchell

Anita Varone

Elaina Zempel

COUNCIL MEMBERS ABSENT

Dave Gibson, Chair

Jane Karas

Steve Holland

Representative John Sinrud

Representative Brennan Ryan

Mark Sansaver

Mark Simonich

Senator Don Ryan

Senator Mike Sprague

STAFF PRESENT

Andy Poole, Business Resources Division Administrator

Gary Morehouse, Regional Development Bureau Chief

Quinn Ness, Regional Development Corporations Manager

Ann Desch, SBDC Lead Center Director

Philip Belangie, MicroBusiness Technical Assistance Program Manager

Janice Wannebo, MicroBusiness Finance Program Specialist

GUESTS

Dick King, Executive Director, Missoula Area Economic Development Association

Sheli Jacoby, Loan Officer, Gateway Economic Development Corporation in Helena

Mica Nicoleyczik, Loan Officer, Montana Community Development Corporation in Missoula

Vince Rubino, Program Manager for Regional Development, Lake County Community Development in Ronan

Billie Lee, Executive Director, Lake County Community Development in Ronan

Janice Copeland, Loan Officer, Headwater's RC&D Area, Inc. in Butte

Connie Daniels, Planner, Headwater's RC&D Area, Inc. in Butte

Brandi Beecher, Value Added Agriculture Coordinator, Bear Paw Development Corporation in Havre

Cheryl McArthur, Executive Director, Montana Cooperative Development Center in Great Falls

In the absence of Dave Gibson, Chairman of this Advisory Council, Andy Poole asked the Council members to nominate a Chair for today's meeting. Elaina Zempel nominated Andy Poole and Anita Varone second the nomination. Andy Poole indicated he would refrain from voting since he is not a Council member and would only lead the meeting.

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Introductions followed of the Council members, Department of Commerce staff and guests listed on the front page of these minutes.

MINUTES

Andy Poole asked the Council if there was any discussion concerning the draft of the July 2004 minutes distributed to the Council for their review prior to the meeting. Rudbach recalls that during the July meeting discussion concerning the financial commitment from the Department of Commerce and the CRDC organizations in a default situation. Rudbach remembers discussion concerning this and does not see the resolution reflected in the draft of the minutes. Rudbach is concerned about establishing a precedent even though there is a current situation that may be applicable and may happen in the future. Rudbach recalls asking what would happen to the money already given or committed to the CRDC if the regional organization no longer meets the requirements for any reason. He recalls Andy Poole saying the contractual obligations would be honored for the funds already committed. Andy's recollection is the Department would have to review the situation and see how much work had been accomplished and how much time was left in the year, etc. Rudbach's question to the Council is "If the CRDC has hired a person or committed funds through a subcontract, would the Department require the funds to be returned even though the funds might not be expended because of the commitment that was made?"

Andy Poole opened this issue up for discussion to the Council and gave a brief background of the current situation in western Montana involving Montana Community Development Corporation (MCDC) as a Certified Regional Development Corporation (CRDC) serving only two counties (Ravalli & Missoula). Per the rules adopted by the Department, the minimum number of counties that can be included in a CRDC to qualify is two. The Department received a letter from Ravalli County withdrawing their support from MCDC. The contract the Department has with MCDC states they have 45 days to correct the default from the point in time the Department gives notice of default. The Department gave notice to MCDC in a letter dated October 15, 2004 stating that the default is occurring and needs to be corrected otherwise they will be de-certified as a CRDC region. The de-certification date would be November 30, 2004 unless the Department receives news from Ravalli County that they have changed their mind and decided to stay in the CRDC. The Department has given funds to MCDC to perform work and some projects have not been completed. The issue is, should any of the CRDC funds that have been distributed to MCDC from the state be returned to the state at the time they are no longer a CRDC? Andy Poole pointed out this decision is made by the Director of Commerce who relies on this Council to advise the Department on issues like this. Andy asked what would the advice of this Council be, given the situation he just outlined. Andy did indicate that in the letter to MCDC that if Ravalli County does not elect to support MCDC, the Department would need an accounting of the monies that have been spent and how they were spent via the work plan that was approved by the Department at the time of de-certification. The CRDC funding follows a calendar year and will start again January 1st.

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Tony Rudbach would like to propose a motion to amend the July 2004 minutes to include the following sentence at the end of the paragraph on top of page 3: The Council discussed what would happen to funds if a CRDC was de-certified and recommended that the contracted obligations be honored for funds already committed however, attempts would be made to recover the remaining un-obligated funds as of the date of de-certification. Andy Poole did mention the fact that the CRDC funds were not disbursed to the CRDCs until the middle of 2004 and most work plans were already started. The Department would make allowances for what was and was not done during the calendar year and projects that continue past this calendar year should be reflected in the CRDC reports at the end of the year.

Anita Varone indicated if the organization is, in fact, going to disband and does not remedy the problem by November 30th and there is money left, the money expenditure must be frozen except for the funds that have already been obligated and is concerned that any organization that knows they are out of compliance that they would rush and try to encumber the money that was left.

Following the above discussion by the Council, Tony Rudbach **MOVED** to correct the July 2004 minutes in the appropriate section on page 3 to include the following language: The Council discussed what would happen to funds if a CRDC was de-certified and suggested the contracted obligations be honored for funds already committed however, attempts would be made to recover the remaining un-obligated funds as of the date of de-certification. Anita Varone **SECOND** the motion. Motion passed unanimously.

Janice Wannebo, Administrative Support to this Council, will correct the July 2004 minutes and insert the agreed upon language above and distribute the corrected minutes to the Council in the near future.

Andy Poole asked the Council members if there were any other amendments or corrections to the July 2004 minutes. With no response from the Council members, Andy Poole asked for a motion to approve the minutes as revised. Paul Tuss **MOVED** to approve the minutes and Tony Rudbach **SECOND** the motion. The motion passed unanimously.

CERTIFIED REGIONAL DEVELOPMENT CORPORATIONS

Andy Poole added that while the majority of the discussion concerning the CRDCs was covered previously, he asked if any Council member had other issues and/or concerns they would like to discuss regarding the CRDCs.

Paul Tuss reported that because the state has created this regional approach to economic development, discussions are continuing at the local level regarding how to fit all of the services under the CRDC regional umbrella.

Ann Desch, SBDC Lead Center Director, reported the SBDC program is about to enter into new contracts with the SBDC regions and has decided to keep the boundaries the same until a solution can be determined. Andy Poole thinks it is an important issue for

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this Council to think about concerning the SBDC and CRDC boundaries. Currently we have 10 Small Business Development Centers (SBDCs) in the state. There are 12 Certified Regional Development Corporations (CRDCs). Many of the SBDCs coincide with the CRDC region are, in fact, housed within the host CRDC organization however, there are some that are not. One of Poole's long-term objectives is to find funding for 2 more SBDCs allowing a structure that could easily transform into the CRDCs. Currently there is only funding for 10 SBDCs, so for the immediate future some of the territory will not match. While it may not be a huge issue in some areas of the state, it seems to be an issue in western Montana and the Department is trying to work on this structure.

Tony Rudbach **MOVED** for this Advisory Council to request the Director of Commerce to write letters to the County Commissioners of Richland and Flathead Counties describing the benefits of being a member of a CRDC and the if they committed to becoming part of a CRDC by a certain date they would be able to participate in the upcoming funding cycle. Rudbach would like to get all 56 counties in Montana involved in the CRDC regions and feels they need to be formally informed of the window of opportunity. Linda Twitchell **SECOND** the motion. Evan Barrett would like to **AMEND** Rudbach's motion to change "participate in the funding" to "participate in the benefits" of the CRDC program. Tony Rudbach accepted amendment as stated above. Motion passed unanimously.

Quinn Ness agreed with having the Director draft letters to the counties and/or county commissioners that are not being served by a CRDC, to also include contact information of surrounding CRDC regions with a carbon copy sent to the appropriate CRDC since locally they are the entity that should gather county support. It would be beneficial to actively have conversations with them now because as the RFP process starts the Department staff would not be allowed to discuss any details or communicate the intent of the program to any applicants. Quinn indicated his willingness to meet with any of the un-served CRDC counties to discuss the opportunities and benefits of becoming part of a CRDC region and offered his services to any existing CRDC organization interested in servicing one of the un-served counties.

TREASURE COMMUNITIES

Quinn Ness distributed copies of the Treasure Communities Program Survey Results to the Council members. The survey was previously mailed to all 12 CRDC organizations and to each member of this Advisory Council.

Poole is interested in gathering the Council's comments and recommendations as the survey results are reviewed. During the next meeting, this Council will review the final document prior to moving forward with this Treasure Community designation. This will also allow time for the new Administration and new Commerce Director to be involved in this process. The benefits of being designated a Treasure Community is the active participation with other communities in their CRDC region and the services that is provided by the CRDC such as technical assistance, grants, management, loan fund, etc.

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Council members expressed their concerns about the Treasure Communities' ability to meet the requirements with no financial assistance. Discussion continued concerning the appropriate organization or a local contact depending on the community. Council members advised the Department to draft the language carefully to recognize the local contact if a lead organization is not formed in a specific area, keeping in mind the fewer the requirements imposed on a Treasure Community the more the participation we are likely to receive. Morehouse suggested requiring a resolution so it is a formal relationship that specifies a contact person.

Quinn reviewed each question with the Council. Listed below are the survey questions along with the Council's recommendations for the minimum requirements to receive a Treasure Community designation that will hopefully achieve consistency in this program throughout the state.

(Underline denotes additions and strikeouts denote ~~deletions~~ recommended by this Council)

Question #1

Please provide detailed requirements and methods of administration for awarding and maintaining the Treasure Community designation.

Minimum Requirements:

1. Active participation in the CRDC to include:
 - a. Provide representation on a CRDC committee and/or Board of Directors;
 - b. Attend regional meetings on a regular basis (2/3 of meetings);
 - c. Participate in regional economic development planning that may include:
 - i. Participate in CEDS, MEDA Community Assessment or Town Meetings;
 - ii. ~~Submit local annual reports and work plans;~~
 - iii. ~~Provide quarterly newsletter describing activities; and~~
 - iv. Complete and update (every 2 years) community profile.
2. Resolution of support;
3. Financial support recommended but not required;
4. Maintain community website describing community attributes and contacts; and
5. Other as Determined by the CRDC and the needs of the organization.

Question #2

Should incorporated cities and towns be the only eligible entity for designation? Should counties be eligible for designation as a Treasure Community?

Council member, Mark Sansaver suggested including reservations/tribal governments eligibility for Treasure Community designation. The Council agreed. Poole mentioned that currently in order to be a CRDC, each county in the region is required to have the County Commissioners write a letter of support, therefore they are already a full partner and questioned why they would be designated as a Treasure Community. Anita Varone suggested the that following language be included in the requirements: "For purposes of this program and the existing structure, cities and towns should be the only eligible entity

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for designation because counties already have to provide a resolution to be part of the CRDC.” Council members agreed.

Question #3

Please provide your thoughts on how the strategic plans of the CRDC and Treasure Communities can be organized and coordinated and how the disbursement of CRDC grant funds will support this process.

Ness acknowledged that overwhelming the survey results referred back to question #1 and indicated the formal requirements should be the organization structure for planning and for disbursement of funds. Rudbach indicated the burden is on the CRDC and do we want to dictate a format by which they do it or allow flexibility so each CRDC can put together their own organizational plan. Rudbach recommended the later. In order to do the planning each CRDC needs the active participation and assistance in the regional planning process of the local community in order to be a Treasure Community and it is through that process that funding priorities are established. Ness indicated that the responses also indicated the same and will be included in the draft.

Question #4

What formal responsibility should the Treasure Community have to the CRDC? Is financial participation in the CRDC necessary for designation as a Treasure Community?

The survey indicated the formal responsibility was identified as participating in the strategic planning process however financial participation was divided. The Council agreed.

Question #5

Should a new road sign and plaque be developed for award to communities who become designated? If yes, how should these activities be funded? Should CRDC discretionary funds be used to fund these activities?

The Council discussed what the previous Certified Community signs looked like and where they were placed within the community. Ness acknowledged he has contacted the Department of Transportation to have the old signs removed. In the survey results it was suggested to involve MEDA in the design and promotional message. Poole indicated the Department would obtain more information on the costs involved in a similar sign and discuss this again with this Council because costs will dictate what can be done. It could be as simple as a certificate to having a sign at the entrance of each community. The Council recommended a Treasure Community “logo” be designed as a template for communities to use, thereby providing a consistent image throughout the state and to allow regional distinction that might assist in regional dedication and could even be used on letterhead, etc. No Council members objected to involving MEDA in a contest on the design of the plaque.

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NXLEVEL TRAINING

Philip Belangie, Program Manager for the MicroBusiness Technical Assistance Program (MTAP) gave an overview of “Building Entrepreneurial Communities-The Role of the SBDC Network and Their Host Organizations” PowerPoint presentation to the Council (refer to slide handout). This overview focused on the characteristics of the Montana entrepreneur, the services provided by the SBDCs, and best practices for developing entrepreneurial communities.

Evan Barrett asked about distance learning and the ability to reach throughout the state. Ann Desch, SBDC Lead Center Director indicated Nevada applied for USDA funding and the Montana SBDC is part of that project along with Idaho taking six communities in Montana and piloting distance learning techniques. Desch also indicated the SBA has “ready talk” available to allow conferencing over the internet using the telephone lines for the audio and the SBDC Counselor have mini-cams to do counseling via the Internet. Belangie indicated he has not been able to find a good model that works well. Belangie has seen another models available through the MBA Program at the University of Montana with a distance-learning segment that has been very effective. Barrett indicated he is on the distance-learning group with Shared Leadership and he would like to bring to the meeting what is already happening in this field and asked the Department staff to provide a sample or link to the Nevada program.

Belangie reported that this program has struggled to provide enough NxLevelL instructors to adequately cover the demand for the classes in some areas of the state. Belangie also pointed out that some CRDC representatives are also teaching NxLevelL classes allowing more clients to be served throughout Montana.

MICROBUSINESS FINANCE PROGRAM

Janice Wannebo, MicroBusiness Finance Program Specialist, referenced the June 30, 2004 and September 30, 2004 MBDC Quarterly reports as she reviewed both reports with the Council comparing the numbers accomplished by the MBDC’s each quarter. Wannebo also reviewed the graphs for quarter ending 9/30/04 acknowledging that Northwest Montana Human Resources, Inc., the Kalispell MBDC, remains out of compliance in regards to maintaining their match, so both the Department and MBDC have mutually agreed to allow the payback of their Development Loan. The Department will work out arrangements with NW Montana Human Resources similar to the other MBDCs that have opted out of the program. Lake County Community Development Corporation has expressed an interest in applying to become an MBDC in this northwestern part of Montana.

LEGISLATIVE ISSUES

Andy Poole reported the Department does not have specific legislation, however there will be bills drafted that “clean up the language” for certain Commerce programs. Wannebo asked if the Legislative Services Division has mentioned an interest in the micro-loan pool fund mentioned by Pat Murdo, Research Analyst for the Legislative Services Division at a previous meeting? Poole replied that he is not aware of anyone targeting the loan fund at this time.

CONGRESSIONAL EARMARKS

Tony Rudbach, Assistant Vice-President of Research & Development at the University of Montana in Missoula explained the process the university uses as it requests congressional earmarks (i.e. pork barrel money). Rudbach is aware of earmarks submitted by the Department of Commerce but he does not believe the state has an official mechanism by which earmarks are collected and delivered as a package. Each administration has a different process they go through, some are more formal than others and Poole pointed out the Department could learn from the university's process. There is still time to apply for earmarks effective this coming fiscal year (October 1, 2005). Communities can also submit earmarks or commercial organizations if it is relevant to national defense or public welfare. The community projects should range from \$500,000-\$1 million. Rudbach will offer the services of the university for parties interested in applying for congressional earmarks. Interested parties should contact Rudbach as soon as possible. Anita Varone also offered her services to deliver copies of a proposal from this Council to Montana's congressional representatives in Washington DC when she meets with them. Support from a variety of organizations and groups make a big difference when requesting these earmarks. James Klessens cautioned communities when applying for this type of money and bypassing the normal processes that may potentially take money from other programs.

PUBLIC COMMENT

Poole opened the meeting up to the public for comment.

Connie Daniels asked if the Treasure Communities survey will be forwarded to everyone? Poole envisions 2-3 more drafts before the Department gets to the point of actually adopting requirements and each of the drafts will be shared with the Council, CRDC and communities in Montana.

OLD BUSINESS

Elaina Zempel asked if the Commerce Director has made a decision on the administration of the CDBG Program funding? Andy Poole replied that because of the change in the Administration, any guidelines would be decided by the incoming Commerce Director any the new Governor.

NEW BUSINESS

Council appointments carry over to the next administration. Legislative members are appointed through the Legislative Leadership so new Legislative Council members will be appointed before the next meeting. Council members are not scheduled to expire until July 23, 2005 at which time the new Governor will appoint new members to this Council for another four-year term. Poole acknowledged there is a certain area of the state that has not been represented during most of these Council meetings because the person has not been able to attend the meetings due to their schedule. The Department is addressing this issue to ensure adequate statewide coverage on this Council. Wannebo announced the following Council member terms expire in 2005: Dave Gibson, Mark Simonich, Kathie Bailey, James Klessens, and Linda Twitchell.

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NEXT MEETING

Poole indicated that the Department will wait to see what the new Administration will do and see how they want to proceed prior to scheduling the next meeting. Wannebo will communicate electronically with the Council members in the next 1-2 months to see what dates will work with everyone's schedule.

MEETING AJOURNS

Poole entertained a motion to adjourn the meeting at 3:50 p.m. Tony Rudbach **MOVED** to adjourn. Anita Varone **SECOND** the motion.


